

Serving Floridians with Developmental Disabilities



**Fiscal Year 2011-2012
Cost-Containment Plan
September 1, 2011**

Table of Contents

Executive Summary	1
Introduction	3
Applicable State Laws	3
Approach	3
Presentation of Options	5
Legislatively Mandated Cost-Containment Initiatives	5
Table 1: Projected Impact of Initiatives	6
Near-Term Cost-Containment Initiatives	6
Table 2: Current Cost-Containment Initiatives	6
Table 3: Near-Term Cost-Containment Initiatives	7
Table 4: Initiatives Requiring State and Federal Approval	7
Table 5: Strategic Cost-Containment Initiatives	8
Conclusion	8
Appendix A – Near-Term Cost-Containment Initiatives	A-1
Appendix B – Initiatives Requiring Federal Approval	B-1
Appendix C – Strategic Cost-Containment Initiatives	C-1

EXECUTIVE SUMMARY

The Agency for Persons with Disabilities (agency or APD) serves nearly 30,000 Floridians with developmental disabilities through the Home and Community Based Services (HCBS) and iBudget Florida Medicaid waivers. HCBS waiver appropriations for Fiscal Year 2011-2012 are \$810 million with the agency previously projecting expenditures to be \$930 million. This exceeds the amount appropriated by approximately \$120 million.

Proviso language in the Fiscal Year 2011-2012 General Appropriations Act requires APD to work with the Agency for Health Care Administration (AHCA) and other stakeholders to develop and submit a plan by September 1, 2011, allowing APD to manage Medicaid waiver spending within the legislative appropriation.

Additional proviso language mandated two important cost-containment initiatives. These initiatives went into effect July 1, 2011: a 4% provider rate reduction and a cost plan freeze. These policy measures have been effective in reducing APD's obligations, while the cost plan freeze has kept it from rising.

Description	Amount
Baseline Projected Expenditures	\$930,000,000
4% Provider Rate Reduction Savings	(\$36,360,000)
Cost Plan Freeze Reduction Savings	(\$6,885,912)
Projected Expenditures Legislatively Mandated Initiatives	\$886,754,088

The HCBS waiver was appropriated \$810,437,372. Projected expenditures reflect an additional \$76.3 million in spending above this appropriation.

FY 2011-2012 Appropriation	\$810,437,372
Projected Expenditures in Excess of Appropriations	\$76,316,716

The projected savings from the cost-containment initiatives outlined in the initial plan, submitted August 19, 2011, are expected to be \$21.0 million. This leaves an additional \$55.3 million in expenditures that require further actions by the agency. The following chart details the cost-containment initiatives that are currently being implemented.

Initiative	Estimated FY 2011-2012 Savings	Estimated Annual Savings
Companion Rate Ratio/Limit Adjustment	\$17,055,318	\$18,605,801
Allow In-Home Support Services (IHSS) a less costly option for Personal Care Assistance (PCA)	\$1,618,171	\$1,765,277
Transportation review and service limitations	\$1,375,000	\$1,500,000
Pool Respite services for families to draw from and reduce allocation	975,042	\$1,170,050
Total Savings	\$21,023,531	\$23,041,128

The submittal of this plan constitutes APD's cost-containment initiatives, as required by the Fiscal Year 2011-2012 General Appropriations Act. This plan has been developed to result in sufficient fiscal and operational controls to allow APD to manage Medicaid waiver spending within the legislative appropriation. The plan shall include increased oversight of individual cost plans; a clear definition of the roles of providers and waiver support coordinators in monitoring those cost plans; and a description of the services provided under each of the consolidated service titles.

This plan also contains a detailed presentation of four types of options to bring spending in line with appropriations, including advantages and disadvantages for each approach as well as stakeholder responses. Each of these options may associate impact to certain areas such as legal implications, fairness and equity for both clients and providers, and quality-of-life issues that all must be thoroughly and properly evaluated.

The following are four types of options to bring spending in line with appropriations:

- Legislatively mandated cost-containment initiatives, which have been implemented.
- Near-term initiatives, which have been implemented this fiscal year and for which savings are also primarily realized this fiscal year.
- Initiatives requiring law changes and/or federal approval, which will impact next fiscal year spending if approved.
- Strategic initiatives, which take more time for the agency to implement but which will ensure the agency will operate within legislative appropriations in the following fiscal year. Some of these initiatives require further study and development before implementation. Savings could generally be realized next fiscal year.

APD has taken various approaches before the start of Fiscal Year 2011-2012 to limit spending. APD will have a better sense of the needed cost-containment measures as the agency monitors monthly expenditure reports.

Ultimately, the future of services to individuals with developmental disabilities is at stake. The Legislature has already authorized iBudget Florida as a key element of that future—a system that is simpler, prioritizes individual choice, and seeks greater equity while living within its means. However, implementation of iBudget Florida alone is insufficient to address the projected deficit. Therefore, the agency is proposing other initiatives that will create efficiencies and reduce the costs of individual services.

APD has been moving forward with three steps to contain costs. The first step involved the implementation of the legislatively mandated 4% provider rate reduction and cost plan freeze. The second step involved the implementation of the four initiatives outlined in the initial plan submitted August 19, 2011. The third step involves the ongoing implementation of the following measures: utilization management reviews, service rate reductions, changing roles of waiver support coordinators, iBudget Florida enrollment, and the development of a cost-sharing program as outlined in statute. APD will evaluate the effectiveness of these measures and monthly expenditures to determine whether there are needs to adopt additional measures.

We look forward to working together to help serve one of Florida's most vulnerable populations.

Introduction

The Agency for Persons with Disabilities (agency or APD) serves nearly 30,000 Floridians with developmental disabilities through the Home and Community Based Services (HCBS) and iBudget Florida Medicaid waivers. Waiver services help individuals with developmental disabilities live everyday lives in the community rather than in institutions. Most individuals live with their families or in their own homes; many others live in community homes licensed by the agency. APD also provides very limited services through general revenue funding to nearly 20,000 other individuals who are waiting for or not eligible for waiver services.

The Fiscal Year 2011-2012 General Appropriations Act provides \$810 million for waiver services. However, if the agency or Legislature took no action to contain costs, waiver service expenditures are projected to be \$930 million—about \$120 million more than the agency’s funding. Given this gap, state law requires APD to provide a plan to reduce spending. APD submits this plan in compliance with that law. The agency seeks input from the governor, Legislature, stakeholders, and the individuals and families it serves on the proposals in this plan.

Applicable State Laws

Section 393.0661(8), Florida Statutes, grants the Agency for Health Care Administration (AHCA), in consultation with APD, the authority to: adjust fees, reimbursement rates, lengths of stay, number of visits, and number of services; limit enrollment; and make any other adjustment necessary to comply with the availability of funds and any limitations or directions provided for in the General Appropriations Act.

Further, subsection (9) states that, if at any time an analysis by the agency, in consultation with AHCA, indicates that the cost of waiver services is expected to exceed the amount appropriated, the agency shall submit a plan to the Executive Office of the Governor, the chair of the Senate Ways and Means Committee or its successor, and the chair of the House Fiscal Council or its successor for remaining within the amount appropriated. APD is directed to work with AHCA to implement the plan so as to remain within the appropriation for waiver services. APD submitted an initial plan under sections 393.0661(8) and (9), F.S., on August 19, 2011, so that APD could begin implementing measures to manage spending.

In addition to this statutory authority, proviso language in the Fiscal Year 2011-2012 General Appropriations Act requires APD to work with AHCA and other stakeholders to develop and submit a plan by September 1, 2011, for sufficient fiscal and operational controls to allow APD to manage Medicaid waiver spending within the legislative appropriation. This is the second of two submissions that APD will make in compliance with this provision.

Approach

To create options for sufficient fiscal and operational controls, the Executive Office of the Governor held a series of stakeholder meetings. Attendees included persons representing the Family Care Council Florida, waiver support coordinators, providers, advocates, and APD. APD also held a public meeting on June 9, 2011. In addition, APD created a “One Team, One Goal” program to tell waiver-enrolled individuals, their families, providers, and other stakeholders about cost-containment initiatives and encourage their cooperation. APD also consulted with AHCA staff on a regular basis.

There are four types of options to bring spending in line with appropriations:

- Legislatively mandated cost-containment initiatives, which have been implemented.
- Near-term initiatives, which have been implemented this fiscal year and for which savings are also primarily realized this fiscal year.
- Initiatives requiring law changes and/or federal approval, which will impact next fiscal year spending if approved.
- Strategic initiatives, which take more time for the agency to implement but which will ensure the agency will operate within legislative appropriations in the following fiscal year. Some of these initiatives require further study and development before implementation. Savings could generally be realized next fiscal year.

APD has implemented the legislatively mandated cost-containment initiatives effective July 1, 2011, as required by law. In addition, the agency has pursued other types of options to reduce waiver costs. This is because the projected expenditures exceed current appropriations. However, it is also because the waiver system is very complex. The agency must use a multifaceted approach to reduce expenditures. Experience shows that cost-containment efforts focused on only one factor do not realize sufficient savings.

The waiver system requires several cost-containment initiatives in order to result in sustainable savings. The first such initiative was implemented on April 1, 2011, and adopted by the Legislature to require the continuation of the cost plan freeze through June 30, 2012. This required that no increases to services to individuals could be granted unless the services were needed because of a crisis. The crisis criteria are homelessness, danger to self or others, and caregiver unable to continue providing care. Additional cost-containment initiatives are needed in order to bring waiver expenditures in line with appropriations.

There are five different approaches to cost-containment. Each has general advantages and disadvantages. For example, some approaches have nearly immediate savings, while others take more time. Some affect all of a given group of people in the state, such as all individuals using a particular service or providers offering a given service, while other approaches are more targeted. Some will take significant agency resources to implement, while others require fewer agency resources.

The options in this plan also vary in regard to APD's ability to implement them without meeting additional requirements or gaining additional approvals. As described above, under s. 393.0661(8), F.S., APD and AHCA have wide authority under state law to put cost-containment initiatives in place without delay; for example, changes which would otherwise require formal rulemaking may be made without it. Once the final set of initiatives is chosen, APD and AHCA intend to use that authority to begin implementing those initiatives immediately. APD and AHCA would then pursue rulemaking. However, APD could not immediately put in place initiatives requiring federal approval. AHCA would still need to obtain federal approval first.

The five approaches are:

- **Rate adjustments:** This affects all providers of the services for which rates are adjusted. While this is one of the easier options for the agency to implement and one that does not reduce the quantity of services authorized for individuals, it affects all providers. Providers already experienced one rate adjustment this fiscal year.
- **Service eliminations or service limitations:** This involves the agency ceasing to offer a specific level of waiver service to individuals, the elimination of a specific service under the waiver, or lowering the maximum amount of a specific service that individuals may receive. It reduces or ends some of the services that individuals receive; it also affects the providers offering it. Additionally, individuals will have hearing rights. The elimination of services requires federal approval through an amendment to the Home and Community Based Services waiver.
- **Utilization management:** This features routine specific review and agency approval of an individual's use of services based on expected results from the delivery of specific services. It considers an individual's unique circumstances and requires more significant agency resources as well as time to implement, due to the thorough nature of the reviews conducted.
- **Service restructuring:** This requires a review and update of the description, requirements, ratios, limitations, and rates for a service to find ways to meet individuals' needs at lower costs. This takes agency and provider time and resources to implement but is intended to lead to longer-term efficiencies with less impact on individuals.
- **Capping an individual's cost plan and/or expenditures:** Examples are freezing cost plans so that individual's services are not increased unless the individual is in crisis. Additionally, the agency could limit expenditures using an individualized budgeting approach that gives funding to individuals based on the total appropriation.

PRESENTATION OF OPTIONS

Legislatively Mandated Cost-Containment Initiatives

The 2011 Florida Legislature approved two important cost-containment initiatives: a 4% provider rate reduction and a cost plan freeze. APD implemented these initiatives on July 1, 2011, and they will continue through June 30, 2012. This plan requires a total of approximately \$76.3 million in additional expenditure reductions after implementation of a 4% provider rate reduction and a cost plan freeze as enacted by the Legislature.

Table 1: Projected Impact of Legislatively Mandated Cost-Containment Initiatives and Remaining Projected Expenditures in Excess of Appropriations

Line	Description	Amount
1	Baseline Projected Expenditures	\$930,000,000
2	4% Provider Rate Reduction Savings	(\$36,360,000)
3	Cost Plan Freeze Reduction Savings	(\$6,885,912)
4	Revised Projected Expenditures after Implementing Initiatives	\$886,754,088
5	FY 2011-2012 Appropriation	\$810,437,372
6	Projected Expenditures in Excess of Appropriations After Implementing Legislatively Mandated Initiatives	\$76,316,716
7	Projected Savings from Initiatives	(\$21,023,531)
8	Remaining Projected Expenditures in Excess of Appropriations	\$55,293,185

Near-Term Cost-Containment Initiatives

APD has already put into place four near-term cost-containment initiatives, as outlined in the table below. The agency identified these initiatives through discussions with stakeholders.

Table 2: Current Cost-Containment Initiatives

Initiative	FY 2011-2012 Savings	Estimated Annual Savings	Description	Status
Companion Rate Ratio/Limit Adjustment	\$17,055,318	\$18,605,801	Reduces rate for the 1:1 ratio to the rate for the 1:2 ratio. The rates for the 1:2 and 1:3 ratios are unchanged.	Implemented 8/1/11
Allow In-Home Supports in all tiers as a less costly option for Personal Care Assistance	\$1,618,171	\$1,765,277	Replaces Personal Care Services at a rate of \$15 per hour with In-Home Support Services at approximately \$12 per hour	Implemented 7/1/11
Transportation review to limit services to no more than one round trip per day	\$1,375,000	\$1,500,000	Ensures that transit is funded by the waiver only as a last resort and that appropriate limits are applied.	Implemented 9/1/11
Pool Respite services for families to draw from as needed	\$975,042	\$1,170,050	Reduces unused services in current cost plans. Respite services are a critical service to families and will continue to be provided as appropriate.	Implemented 9/1/11
Total Savings	\$21,023,531	\$23,041,128	Lapse amount is 8% per month	

The agency projects savings from these current cost-containment initiatives to be \$21.0 million. This leaves an additional \$55.3 million in expenditures that must be reduced to bring spending in line with appropriations. The cost-containment initiatives under consideration are presented below by category. Detailed descriptions and analysis follow in the appendix.

Table 3: Near-Term Cost-Containment Initiatives

Type	Initiative	Estimated Annual Savings	Status
Rate adjustment	Reduce rates for therapy assessments and all nursing services to the Medicaid State Plan rate	\$1,268,174	APD and AHCA will amend reimbursement rates
Rate adjustment	Set the agency rate premium to a maximum of 20% above solo rates.	\$3,712,169	Under consideration, needs further study
Rate adjustment	Pay behavior analysts with higher qualifications at the same rate	\$2,580,874	Under consideration, needs further study
Rate adjustment	Standardized Residential Habilitation—Intensive Behavior rates	\$1,549,764	Under development
Service limit reductions	Reductions in service limits	To Be Determined	Under consideration, needs further study
Utilization management	Re-evaluate needs for in-home support services for those receiving additional quarter hours of service beyond the daily rate	\$1,381,433	Implementation to begin 9/1/11
Utilization management	Voluntary reductions by individuals and families	To Be Determined	Implemented 7/1/11
Utilization management	Comprehensive utilization reviews	To Be Determined	Implemented 7/1/11

Table 4: Cost-Containment Initiatives Requiring State and Federal Approval

Type	Initiative	Estimated Annual Savings	Status
Service eliminations	Limiting the waiver to core services to ensure health and safety	To Be Determined	Under consideration, needs further study
Cap individual cost plans	Limit individual cost plans to a maximum of \$150,000 with no exceptions	\$7,960,564	Under consideration, needs further study
Service eliminations	Transfer Specialized Mental Health Therapy and Skilled Nursing from the waiver to the Medicaid State Plan	\$3,007,975	Under consideration, needs further study

Table 5: Strategic Cost Containment Initiatives

Type	Initiative	Estimated Annual Savings	Status
Service restructuring	Consolidate and simplify Residential Habilitation levels	\$21,113,087	Under consideration, needs further study
Service restructuring	Restructure Adult Day Services	\$9,705,982	Under consideration, needs further study
iBudget Florida implementation	iBudget Florida implementation for Fiscal Year 2011-2012	To Be Determined	Beginning 10/1/11 through 6/30/12
Cost-sharing premium payments	Develop a cost-sharing payments program and request federal approval	To Be Determined	APD and AHCA will seek federal approval
Changing role of waiver support coordinator	Changing the role of waiver support coordinators and track the progress of cost efficiencies	To Be Determined	Implemented 7/1/11 and ongoing
Implement managed care	Implement managed care for services to persons served on the Home and Community Based Services waiver	To Be Determined	Under consideration, needs further study
Implement a community-based care strategy	Implement a community-based care strategy for persons served by the Home and Community Based Services waiver	To Be Determined	Under consideration, needs further study

Conclusion

APD submits this report in compliance with proviso language from the Fiscal Year 2011-2012 General Appropriations Act that required APD to work with AHCA and other stakeholders to develop and submit a plan by September 1, 2011, allowing APD to manage Medicaid waiver spending within the legislative appropriation.

APD has been moving forward with three steps to contain costs. The first step involved the implementation of the legislatively-mandated 4% provider rate reduction and cost plan freeze. The second step involved the implementation of the four initiatives outlined in the initial plan submitted August 19, 2011. The third step involves the ongoing implementation of the following measures: utilization management reviews, service rate reductions, changing roles of waiver support coordinators, iBudget Florida enrollment, and the development of a cost-sharing program as outlined in statute. APD will evaluate the effectiveness of these measures and monthly expenditures to determine whether there are needs to adopt additional measures.

APPENDIX A

DETAILED DESCRIPTIONS OF COST-CONTAINMENT OPTIONS

Near-Term Cost-Containment Initiatives

Initiative: Reduce rates for therapy assessments and all nursing services to the Medicaid State Plan (MSP) rate

Estimated Annual Savings: \$1,268,174

Description: The rates paid by the Medicaid State Plan (MSP) are lower than for similar waiver services in several cases. These are depicted in the table below. Although APD could begin implementing this initiative under its current authority, long-term implementation would require the Agency for Health Care Administration to work with APD to revise the rate rule.

Advantages: This would reduce costs while not reducing services to individuals.

Disadvantages: Some individuals may have difficulty securing providers at the lower rates.

Stakeholder feedback: Most stakeholders are supportive.

Status: APD and AHCA will amend waiver rates to align with State Plan reimbursements.

Waiver Service	MSP Rate	MSP Unit of Service	Waiver Rate	Waiver Unit of Service	Difference
Occupational Therapy Assessment	\$97.00	annual 2 x 48.50	\$133.55	annual	\$36.55
Physical Therapy Assessment	\$97.00	annual 2 x 48.50	\$133.55	annual	\$36.55
Respiratory Therapy Assessment	\$97.00	annual 2 x 48.50	\$190.79	annual	\$93.79
Speech Therapy Assessment	\$97.00	annual 2 x 48.50	\$133.55	annual	\$36.55
Skilled Nursing LPN	\$26.19	per visit	\$6.10	quarter hour	variable
Skilled Nursing RN	\$31.04	per visit	\$9.33	quarter hour	variable
Private Duty Nursing LPN	\$5.82	quarter hour	\$6.10	quarter hour	\$0.28
Private Duty Nursing RN	\$7.28	quarter hour	\$8.78	quarter hour	\$1.50
Residential Nursing LPN	\$5.82	quarter hour	\$6.10	quarter hour	\$0.28
Residential Nursing RN	\$7.28	quarter hour	\$8.78	quarter hour	\$1.50

Initiative: Agency rate premium set to a maximum of 20% above solo rates

Estimated Annual Savings: \$3,712,169

Description: Out of the 27 services offered through the waiver, some pay a higher rate to providers who are agencies. A provider qualifies as an agency if they employ one or more employees who provide direct service. For these provider types, the difference between individual or solo provider rates and agency rates ranges from 5% to 43.5%. This initiative would consolidate agency rate premiums to not more than 20% above the solo rate. APD's waiver is the only waiver in Florida that offers solo and agency rates. Additionally, Medicaid State Plan does not offer agency versus solo rates. The rates and their premiums are listed below.

Service	Agency Premium Above Solo Rate
1. Respite Care – Day	5.41%
2. Respite Care - Quarter Hour	5.48%
3. In - Home Supports (Awake Staff) Qtr. Hour	19.72%
4. Supported Employment Group	20.44%
5. Residential Habilitation - Live In Staff - Day	22.96%
6. Residential Habilitation - Quarter Hour	23.67%
7. Skilled Nursing – RN	23.73%
8. In - Home Supports (Live-In Staff) Day	24.47%
9. Companion	29.39%
10. Specialized Mental Health – Therapy	29.86%
11. Behavior Assistant Services	30.51%
12. Supported Living Coaching	30.53%
13. Private Duty Nursing – RN	32.63%
14. Private Duty Nursing – LPN	33.29%
15. Residential Nursing – RN	32.63%
16. Residential Nursing – LPN	33.97%
17. Skilled Nursing – LPN	34.30%
18. Dietician Services	34.99%
19. Behavior Analysis Level 1	42.31%
20. Behavior Analysis Level 3	42.95%
21. Behavior Analysis Level 2	43.52%

Advantages: This would reduce costs while not reducing services to individuals.

Disadvantages: If providers' capacity is reduced or they go out of business, individual choice will be limited.

Stakeholder feedback: Agency providers oppose a reduction in the agency premium due to loss of revenue.

Status: This initiative is under consideration and needs further study.

Initiative: Eliminate quarter-hour units for specified individuals with In-Home Support Services (IHSS) and pay only the day rate

Estimated Annual Savings: \$1,381,433

Description: The provider handbook allows in-home support services providers to be paid an additional increment known as quarter hours above the day rate for supporting individuals with significant disabilities. The agency has determined that there are individuals who may not need additional quarter hours of this service at this time. The day rate for agency providers in most parts of the state is \$80.74. Under this initiative, APD would review individuals on a case-by-case basis and adjust in-home support services to appropriate levels.

Advantages: This would reduce costs while ensuring services are appropriate for an individual's level of need.

Disadvantages: By law, APD must give an individual a chance to request a hearing if services are reduced. In these cases, services continue at current levels until the hearing is resolved.

Stakeholder feedback: There appeared to be no opposition from stakeholders.

Status: APD is conducting this as a part of the overall utilization management program. The agency has developed cost models for comparison to actual consumer expenditures as baseline data.

Initiative: Pay behavior analysts with higher qualifications at the same rate

Estimated Annual Savings: \$2,580,874

Description: Currently, behavior analysts with higher qualifications such as doctorate or master's degrees are paid a higher rate after they gain three years' experience. For agency providers in most areas of the state, a higher-qualified behavior analyst with three years of experience would be paid \$19.05 per quarter hour, while a higher-qualified behavior analyst with fewer than three years of experience would be paid \$16.64 per quarter hour. This initiative would eliminate the higher rate; thus higher-qualified behavior analysts with experience less than three years or greater than three years would be paid the same rate. Long-term implementation would require the Agency for Health Care Administration to work with APD to revise the coverage and limitations handbook and the rate rule.

Advantages: This would reduce costs while not reducing authorized amounts of service to individuals.

Disadvantages: Behavior analysts with greater than three years of experience may choose not to provide services to individuals on the waiver.

Stakeholder feedback: Some stakeholders oppose this initiative.

Status: This initiative is under consideration and needs further study.

Initiative: Standardize Residential Habilitation—Intensive Behavior rates

Estimated Annual Savings: \$1,549,764

Description: Currently intensive behavior rates are individually negotiated between the area office and each facility. These negotiated rates are highly variable. The Legislature has placed requirements in statute that these rates be standardized.

Advantages: Predictability of cost for each individual.

Disadvantages: Some providers may choose not to provide services to individuals on the waiver.

Stakeholder feedback: Some providers have indicated their willingness to work with APD on this initiative.

Status: This initiative is under consideration and needs further study

Initiative: Voluntary waiver service reductions by individuals and families

Estimated Annual Savings: To Be Determined

Description: Waiver support coordinators work with individuals and their families to see if they could take greater advantage of natural and community supports, replacing some of their paid waiver services. The area offices track the voluntary reductions as reported by the waiver support coordinators. For example, eight area offices have reported \$2.0 million in voluntary reductions in the approved cost plans. Additionally, the agency has received an offer to reduce rates from a provider that has a negotiated rate for individuals that receive intensive residential habilitation services. This particular provider has volunteered a \$500,000 reduction in the negotiated rates for 126 clients.

Advantages: This initiative puts individuals and families in control of reductions; they tailor them to their own unique situations. Additionally, since the reductions are voluntary, there are no hearings. This option also encourages use of natural and community supports, which are supposed to be the first resources to which individuals look for help before seeking to meet needs through waiver services. Use of these alternative supports also generally leads to greater integration in the community and a higher quality of life.

Disadvantages: None.

Stakeholder feedback: They support working together as a team to better use resources. This initiative was suggested by stakeholders.

Status: This initiative was implemented July 1, 2011. Approximately \$2.0 million in services have been voluntarily reduced in reviews of service needs by waiver support coordinators and families.

Initiative: Comprehensive utilization reviews

Estimated Annual Savings: To Be Determined

Description: The agency has initiated a utilization management system to ensure services appropriately match individuals' needs. This utilization review will contain analysis of the outliers and service patterns where costs significantly exceed the average cost of care. For example, APD is evaluating lengths of stay in intensive services; reviewing cost plan utilization; identifying duplicative services; and highlighting opportunities to shift to natural and community services or services funded by other payers. The reviews consider if the individual's need has changed since a service first began and if the coverage and limitations handbook requirements have been met.

Advantages: This is a very individually-tailored review and adjustment, considering the specifics of an individual's situation. Individuals will continue to receive the services appropriate for their needs. It also will lead to greater equity, since consistent standards would be applied across the state.

Disadvantages: By law, APD must give an individual a right to a hearing if services are reduced. In these instances, services continue at current levels until the hearing is resolved. The agency will stagger notices of reductions, which allows APD to process hearing requests more quickly and thus allows the individual to reach resolution.

Stakeholder feedback: Stakeholders have been generally supportive of this initiative.

Status: This initiative began July 1, 2011 and is continuing through this fiscal year.

Initiative: Reductions in service limits

Estimated Annual Savings: To Be Determined

Description: The current waiver provides for limits on the number of units that can be approved for an individual. This initiative would reduce those caps for many of the services offered through the waiver. The reduction to the maximum would vary by the service. While APD could begin this initiative based on its current statutory authority, this initiative would involve rulemaking to revise the Agency for Health Care Administration's rate rule and coverage and limitations handbook governing the waiver.

Advantages: This would preserve the wider service array now available while reducing expenditures to a sustainable level.

Disadvantages: This will limit the amount of services that individuals will be able to receive. Since this would involve service reductions for many individuals, the individual will have the right to request hearings.

Stakeholder feedback: There is no consensus on this issue.

Status: This initiative is under consideration and needs further study.

APPENDIX B

Initiatives Requiring Federal Approval

Initiative: Limiting the waiver to core services to ensure health and safety

Estimated Annual Savings: To Be Determined

Description: This initiative refocuses the waiver on providing only those services which are critical to health and safety and that are necessary in order to avoid the individual being placed in an institutional setting. These core services are unlikely to be provided through natural and community supports. The list of services that would be considered core is still under development.

Advantages: It would be administratively easier for the agency to implement than some other options. It would redirect individuals to services which are available from other sources.

Disadvantages: This would have a major impact on both individuals who had used the eliminated services and the providers who had offered them. This would require a waiver amendment and thus federal approval; the process of submitting and receiving approval for a waiver amendment can be lengthy, which would delay the agency's realizing savings from this option. Individuals would have the opportunity to file for administrative hearings, but given that the services are no longer available, they do not have to be continued at agency cost and the hearings can be processed quickly. Some consumers may have difficulty replacing eliminated services due to lack of availability in their community from other sources.

Stakeholder feedback: Stakeholders strongly oppose this initiative.

Status: This initiative is under consideration and needs further study

Initiative: Limit individual's yearly cost plans to a maximum of \$150,000 with no exceptions

Estimated Annual Savings: \$7,960,564

Description: The waiver would be amended to cap an individual's cost plan at \$150,000. This initiative would also eliminate the exceptions outlined in statute and would require legislative action. If an individual could not be served in the community through the waiver for no more than \$150,000 per year, he or she would instead be served through alternative means, such as a private ICF/DD or a nursing home, in which case the responsibility for funding would shift to AHCA. If placement in a public institution is the most effective or available option, then a shift in funding would be necessary to ensure sufficient capacity at a lower cost. Currently, 277 individuals have cost plans in excess of \$150,000.

Advantages: Caps the upper bound of an individual's waiver service costs.

Disadvantages: Requires federal approval of a waiver amendment. The federal government may have concerns about individuals currently in the waiver moving to more restrictive settings. This may conflict with s. 393.062, F.S., which provides “the greatest priority shall be given to the development and implementation of community-based services that will enable individuals with developmental disabilities to achieve their greatest potential for independent and productive living, enable them to live in their own homes or in residences located in their own communities, and permit them to be diverted or removed from unnecessary institutional placement.” This initiative may limit choice; many families oppose such restrictive settings. There may not be sufficient private ICF/DD beds available for the individuals who would need a placement. Further, private ICF/DDs are able to refuse to admit these individuals.

Stakeholder feedback: There is no stakeholder consensus on this issue.

Status: This initiative requires a state law change and federal approval of a waiver amendment.

Initiative: Transfer Specialized Mental Health Therapy and Skilled Nursing Services from the waiver to the Medicaid State Plan

Estimated Annual Savings: \$3,007,975

Description: The waiver offers specialized Mental Health Therapy and Skilled Nursing Services to adults meeting the criteria to receive them. Approximately 757 individuals received specialized Mental Health Therapy and 130 individuals received Skilled Nursing Services. However, the Medicaid State Plan offers similar services for adults. This initiative would remove these services from the waiver. Adults would need to access these services through the State Plan.

Advantages: Reduces waiver expenditures while still allowing many individuals to receive these services through another source.

Disadvantages: Requires federal approval of a waiver amendment, which can be a lengthy process. If nearly all individuals whose services were reduced were able to receive these services under the State Plan, AHCA would still bear much of the cost for these services.

Stakeholder feedback: No opposition.

Status: This initiative requires a state law change and federal approval of a waiver amendment.

APPENDIX C

Strategic Cost-Containment Initiatives

Initiative: Consolidate and simplify Residential Habilitation levels

Estimated Annual Savings: \$21,113,087

Description: The waiver coverage and limitations handbook and rate rule prescribe nine levels of Residential Habilitation; there are specific criteria defining each level as well as specific requirements, staffing ratios, and rates. Residential habilitation expenditures comprise the largest percentage of total waiver spending at \$374,671,293 in the 2010-2011 fiscal year—an average of \$45,103 for each of the 8,307 individuals receiving this service. While APD could begin this initiative based on its current statutory authority, this initiative would involve rulemaking to revise AHCA's rate rule and coverage and limitations handbook governing the waiver.

Advantages: This would reduce costs for the service comprising the largest percentage of waiver spending. It would simplify the service structure for Residential Habilitation. It would also provide an opportunity to review individuals' Residential Habilitation levels; initial reviews prompt concerns that some individuals may be receiving higher (and thus more expensive) levels of Residential Habilitation services than are appropriate for their current needs.

Disadvantages: Consumer choice of providers may be more limited if some residential providers no longer offer these services.

Stakeholder feedback: Residential Habilitation providers oppose this initiative. Due to the agency's significant expenditures for this service, APD staff requested that providers propose cost-containment initiatives specifically for this service, but have not received alternative proposals.

Status: This initiative is under consideration and needs further study.

Initiative: Restructure adult day services

Estimated Annual Savings: \$9,705,982

Description: APD spent \$71,260,277 for Adult Day Training (ADT) services in FY 2010-2011. Approximately 11,955 individuals used this service, for an average of \$5,961 per individual. This initiative would make several changes to adult day services. For instance, APD would start a new adult day service which places less emphasis on training for those individuals who are older and no longer require training but whose family needs a day-care option while the family is working. The agency would also review to see if rates, ratios, and service requirements for the existing Adult Day Training service could be adjusted to create efficiencies without reducing services to individuals or impacting health and safety. While APD could begin this initiative based on its current statutory authority, this initiative would involve rulemaking to revise the Agency for Health Care Administration's rate rule and coverage and limitations handbook governing the waiver. The estimated annual savings is based on a restructured rate of \$1.20.

Advantages: This would reduce costs and ease some regulations while maintaining individuals' health and safety. Additionally, this initiative would maintain ADT services at their current level, which would avoid service reductions. This would expand service options to better serve individuals who do not need the current high level of training offered through this service, such as older individuals, at a higher ratio and lower rate.

Disadvantages: Adult Day Training is one of the original community-based services for individuals, and some stakeholders are concerned about deviating from its traditional emphasis on training, fearing that is a step backwards in serving individuals with disabilities.

Stakeholder feedback: Stakeholders are not supportive of this initiative, citing concerns that the reduction in regulatory burden would not outweigh the reduction in rates. They report that reimbursement is already too low. They also fear that rates may become inadequate especially for providers serving individuals with more challenging disabilities, thus making it more difficult for such individuals to find providers willing to serve them.

Status: This initiative is under consideration and needs further study

Initiative: iBudget Florida

Estimated Annual Savings: The savings are dependent on the gap between projected expenditures and the appropriation after the implementation of other cost-containment initiatives

Description: iBudget Florida is designed to enhance the waiver system's simplicity and equity while keeping spending within the agency's waiver services appropriation. Additionally, iBudget Florida provides individuals with greater control over the day-to-day authorization and delivery of needed services. The agency is in the process of deploying iBudget Florida statewide this fiscal year.

Advantages: This initiative provides for equitable determination of budget allocations and enhances individuals' flexibility to make choices about their services. It encourages the use of natural and community supports.

Disadvantages: Implementing iBudget Florida is a major effort requiring significant policy and process changes for agency staff and its providers and waiver support coordinators. Some individuals may have service decreases; APD must afford them hearing rights.

Stakeholder feedback: Stakeholders have generally been supportive. APD developed iBudget Florida cooperatively with stakeholders.

Status: The iBudget implementation will begin in the Pensacola and Tallahassee areas of the state on October 1, 2011. The rest of the state will be implemented during this fiscal year with December, February and April begin dates. The December implementation will include the Tampa Bay area and Southwest Florida. The February implementation will include Southeast Florida with the rest of the state following in April.

Initiative: Cost-Sharing Premium Payments

Estimated Annual Savings: To Be Determined

Description: In the 2011 legislative session, House Bill 7109 directed APD to develop a system to require premium payments or other cost sharing by the parents of children who are served by a waiver who have an adjusted household income greater than 100% of the federal poverty level. Once the system is developed, APD is directed to work with AHCA to submit a request for federal approval of this program. This initiative is designed to be a cost-sharing measure for the Home and Community Based Services waiver.

Advantages: This cost sharing would offset the costs of the waiver services.

Disadvantages: Requires federal approval and requires administrative processes to be developed in order to collect the income data and payments from families.

Stakeholder feedback: There is no consensus on this issue.

Status: AHCA and APD will seek federal approval to implement this initiative.

Initiative: Changing the role of the waiver support coordinator (WSC)

Estimated Annual Savings: To be determined

Description: A waiver support coordinator (WSC) is currently hired by the individual and paid through the waiver to assist individuals and families in identifying their capacities, needs, and resources. The WSC is responsible for coordinating the delivery of supports and services, advocating on behalf of the individual and family, maintaining relevant records, and monitoring the delivery of supports and services to determine if they meet identified needs.

The General Appropriations Act (GAA) included proviso language that requires the waiver support coordinators to work cooperatively with the agency in monitoring services and costs under the waiver. Currently, the WSC utilizes the waiver as the first resource for services. The role of the waiver support coordinator will be to work with APD to provide essential services at the least cost to the waiver. This will require that natural and community supports are the first resource for services, reserving waiver services as a last resort. The agency is developing mechanisms to hold WSCs accountable through monitoring significant variation in costs of waiver services.

Advantages: Increases accountability for costs of services to the individual and support coordinators.

Disadvantages: Requires administrative tracking to be initiated to measure progress.

Stakeholder feedback: There is mixed support of this initiative among stakeholders

Status: Currently being implemented and ongoing.

Initiative: Implement managed care for services to persons served by the Agency for Persons with Disabilities on the Home and Community Based Services waiver

Estimated Annual Savings: To Be Determined

Description: In recent years, Florida, like other states, has turned to managed care for improving access to care, containing costs and enhancing quality for persons receiving Medicaid. In the 2011 legislative session, House Bills 7107 and 7109 were enacted to provide for statewide implementation of managed care, including managed medical care for primary and acute care and managed long-term care services. In making these comprehensive changes, Medicaid recipients enrolled in the Home and Community Based Services waiver pursuant to Chapter 393, and Medicaid recipients waiting for waiver services were specifically exempted from managed care. This initiative would reconsider that decision and utilize managed care for persons in the Home and Community Based Services waiver under Chapter 393 and persons waiting for waiver services.

Advantages: If other initiatives and strategies are not successful in improving access to care, containing costs and enhancing service quality, then it may be appropriate to reconsider use of managed care as a strategy. The advantages that have been observed in the use of managed care in other Medicaid-funded activities could be utilized to improved utilization management, cost-containment and related strategies. Efficiencies in provision of waiver services could potentially make additional services available to some persons who are not currently served on the waiver.

Disadvantages: Implementation of managed care would potentially make significant change to provider service networks and resources and substantially change the way that waiver services are managed and coordinated. This could result in changes in the number of providers available to provide waiver services and could affect the choices available to consumers regarding care.

Stakeholder feedback: In general, many consumers and advocates expressed strong opposition to including services to persons with developmental disabilities in managed care.

Status: Proposed for discussion.

Initiative: Implement a community-based care strategy for persons served by the Agency for Persons with Disabilities on the Home and Community Based Services waiver

Estimated Annual Savings: To Be Determined

Description: In child welfare, community-based care (CBC) lead agencies have been used as a strategy to increase the extent to which local communities are empowered to manage the delivery of services. CBC agencies are accountable to local boards of directors and operate under contract with the state agency. This mechanism can provide accountability for meeting service goals and managing resources. CBC agencies serve as a focal point in the community for assuring that state resources complement the supports available in the community.

Advantages: Community-based care organizations would be able to complement state resources with natural and community supports to enhance services and supports available to consumers and their families. Use of community resources could be maximized and the ability of finite state resources to be used more efficiently would be enhanced.

Disadvantages: Implementation of community-based care would require significant change to the service delivery structure which could bring a period of potential disruption during implementation. Established service provider networks could change and existing cost control and resource management mechanisms would need to be successfully migrated to the new structure. Coverage for rural areas without increasing administrative costs would be a challenge.

Stakeholder feedback: There is no stakeholder feedback on this issue.

Status: Proposed for discussion.